

COMMODITIES

TEA

Prices — Production up

TEA export earnings in the first half of 1975 (January - June) amounted to Rs. 983.31 million as against Rs. 545.84 million in 1974. The substantial rise in export earnings was the result of a marked increase in prices of tea in this period (i.e. Av. Colombo Auction price in January - June 1975: Rs. 3.23/per lb. as against Rs. 2.67/per lb. in 1974). The quantity of tea exported in the first six months of 1975 was 230.06 million lbs. compared to 170.98 million lbs. in 1974, an increase of 59.08 million lbs. Tea production in the period January to June 1975 at 261.63 million lbs. recorded an increase of 22.61 million lbs. over the corresponding period last year (i.e. 1974 - 239.02 million lbs.). Major share of the higher production came in from High Grown teas. In fact there has been an increase in production of tea from all areas this year compared to last year, as revealed from Table I.

Tea Smallholdings Development Authority

A Bill to establish a Tea Smallholdings Development Authority was passed in the National State Assembly on August 7th, 1975. It provides for the development, management and regulation of tea smallholdings; and for the compulsory acquisition of movables and immovable property. There are at present 18-20% of the tea acreage held by smallholders in about 117,174 holdings. The Tea Smallholdings Development Authority will be established under the Ministry of Plantation Industries and would consist of a Board of Management comprising of a representative of the Minister of Agriculture and Lands, the Tea Controller or his representative, the Land Commissioner or his representative two representatives of the Minister of Plantation Industries and a representative of the Minister of Trade.

TABLE I
TEA PRODUCTION, EXPORTS AND PRICES
(January — June)

Elevation	Production January - June (Mln. lbs.)		Exports January - June (Mln. lbs.)		Av. Colombo Auction Prices upto June 8th	
	1974	1975	1974	1975	1974 Rs. Cts.	1975 Rs. Cts.
High Grown ...	97.87	102.93			2.96	3.26
Medium Grown ...	83.39	91.58			2.49	3.03
Low Grown ...	57.75	67.12			2.52	3.45
Total	239.02	261.63	170.98	230.06	2.67	3.23

At the London Auctions, teas from all countries recorded an increase in price compared to 1974. The table below provides data on the London market prices of tea for Jan.-June, 1975 in comparison to the corresponding period in 1974.

TABLE II
LONDON MARKET PRICE OF TEAS
(New Pence per kilo)

Country	1974	1975
	January - July	January - July
Sri Lanka ...	61.34	63.76
North India ...	56.91	62.27
South India ...	52.30	60.42
African Countries	59.89	62.25
Average ...	57.61	62.18

RUBBER

Export Duties

Government introduced a new sliding scale of duties for rubber with effect from 21 July 1975. Under this scale—

- when the f.o.b. price for RSS 1 is above Rs. 1.60 a lb. the duty rises above 12 cts. by 1 cent for every 2 cent rise in the f.o.b. price;
- when the f.o.b. price is below Rs. 1.60 a lb. the duty falls below 12 cts. by 1 cent for every 2 cents fall in the f.o.b. price;
- the fixed duty of 3 cts./lb. is abolished.

The difference between the old and the new duty is illustrated below.

F.O.B. price	Duty/lb. under new scale	Duty/lb. under old scale
Rs. 1.60	12 cts.	38 cts. + 3 cts. fixed duty

Government also introduced a cess of 8 cents a lb. on rubber exports to finance the development of the rubber industry. This cess would replace the annual grants from the Consolidated Fund.

More exported less earned

Exports of rubber for the first six months this year at 191.9 million lbs. were higher than for the same period last year by 10.2 million lbs. However, export earnings at Rs. 325.3 million were lower than for the first six months last year by Rs. 57.3 million. The overall drop in prices during this period as compared with 1974 accounted for the drop in total earnings. RSS 1 prices has shown an upward trend beginning with the last week in July 1975 though it is still below the levels obtained in the same period in 1974.

RUBBER EXPORTS

	1974		1975	
	Q lbs.	V Rs. mln.	Q lbs.	V Rs. mln.
Sole Crepe ...	3,866,046	18.0	5,173,726	14.1
Latex Crepe ...	42,508,571	148.5	51,935,637	92.2
Scrap Crepe ...	16,010,570	38.3	16,420,230	22.1
Sheet rubber ...	69,177,472	177.2	107,675,956	195.8
Block rubber ...	196,224	0.8	775,724	0.1
Total	131,758,883	382.8	191,981,273	324.3

COCONUT

Metrication

The Metric System came into operation in respect of Copra, Coconut Oil, D.C., and Coconut Shell Charcoal with effect from 1st July, 1975. On 24th June, 1975 the Coconut Marketing Board instructed all Auctioneers/Brokers, Shippers and Millers to conduct their transactions in respect of these four products in Metric Units.

Crop Forecast

According to the provisional estimates prepared by the Coconut Marketing Board the total coconut production during the first half of the year has shown an improvement of nearly 29% over the corresponding period last year. The estimated production during January/June 1975 amounted to 1154 million nuts compared with 896 million nuts during the corresponding period in 1974—an increase of 258 million nuts. The total production for the year is expected to be more than 2500 million nuts.

New Coconut Product a Substitute for Nuts

Pilsburg-Mindanao Flour Milling Co., Inc., Manila is in the process of manufacturing an entirely new product from coconut which can compete with almonds, walnuts, pecans, cashew and peanuts. Philnut—name of the product—is considered as a real nut substitute and can be introduced to the manufacture of confectioneries and their baked products.

Actual Exports

Export earnings from the coconut products in June 1975 at Rs. 42.7 million showed a decrease of Rs. 3.3 million and Rs. 3.8 million in comparison with the previous month and the corresponding month last year.

Earnings from the export of coconut oil in June 1975 at Rs. 24.1 million recorded an increase of Rs. 2.1 million or about 9% when compared with the preceding month, despite a decrease of 31% of the volume exported compared with the previous month. This was due to the substantial increase in the average f.o.b. price.

Earnings from the export of desiccated coconut in June 1975 at Rs.

9.9 million showed a decrease of Rs. 5.0 million when compared with the preceding month. This was due to the decrease of the average f.o.b. price as well as the volume exported during the month.

Earnings from the export of coir fibre and fibre products in June 1975 at Rs. 7.1 million showed a decrease of Rs. 0.5 million when compared with the preceding month, despite an increase of Rs. 84 per long ton in the average f.o.b. price. This was due to a decline in the volume exported in June 1975.

Export Approvals

The total value of the exports approved by the Coconut Marketing Board for the period January-July 1975 amounted to Rs. 290.7 million as against Rs. 297.9 million for the same period last year.

The total volume of kernel products approved (Copra, Coconut Oil, D.C. and Fresh Nuts) during January/July 1975 amount to 484 million nuts equivalent as against 249 million during the corresponding period last year. This represents an increase of 235 million nuts or 94%.

International Prices

The average London market prices of Copra, Coconut Oil, D.C. and Fibre continued their downward trend in July 1975 as well.

SPICES

EXPORT earnings from spices during the first half of this year at Rs. 30.8 mln. were lower by Rs. 12.8 mln. as against the same period in 1974. There was a marked drop in the exports of

Cinnamon quills and chips. Imports into Mexico during the period under review was confined to only 2195 cwt. as compared with 14147 cwt. in the same period in 1974.

Exports of Cardamoms has registered a marked increase both in quantity and in price during the first half of this year as compared with the same period in 1974. Export earnings from Pepper, Nutmeg and Cloves has declined during the period under review compared with the same period in 1974.

Essential Oils

The two major essential oils exported from Sri Lanka, Cinnamon Leaf Oil and Citronella Oil has shown a downward trend in earnings during the period under review. Further details are given in the Table below.

Trade Agreements with Mexico

According to the Protocol on economic co-operation between Mexico, and Sri Lanka Mexico will purchase 700 tons of cinnamon during the remainder of 1975. For 1976 Mexico is expected to purchase 1600 tons. After this period purchases of cinnamon by Mexico will take into account average imports during previous years. This trade is to be handled exclusively by the Sri Lanka State Trading (Consolidated Exports) Corporation as the sole exporter to Mexico and Compania Nacional de Subsistencias Populares (Conasupo) of Mexico as the only importer. Among other products which were examined with a view to extending and increasing trade were rubber and essential oils.

SPICE EXPORTS

	1974		1975	
	Q Cwt.	V Rs. mln.	Q Cwt.	V Rs. mln.
Cinnamon	75,651	28.9	36,350	17.4
Cardamom	1,347	2.6	4,369	6.9
Cloves	8,796	8.9	2,738	5.0
Pepper	4,896	2.3	1,789	1.1
Nutmeg	1,610	0.9	611	0.3

ESSENTIAL OIL EXPORTS

Cinnamon Leaf Oil	1,172	3.1	455	0.8
Cinnamon Bark Oil	10	0.3	4	0.2
Citronella Oil	1,744	3.6	1,150	1.3
Ginger Oil	6	0.1	1	0.05
Cardamom Oil	14	0.5	3	0.03
Clove Oil	10	0.02	—	—
Nutmeg Oil	24	0.08	40	0.2